



House of Representatives

General Assembly

File No. 10

January Session, 2005

House Bill No. 6228

House of Representatives, March 3, 2005

The Committee on Labor and Public Employees reported through REP. RYAN, K. of the 139th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT INCREASING THE MINIMUM WAGE.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (j) of section 31-58 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective*
3 *October 1, 2005*):

4 (j) "Minimum fair wage" in any industry or occupation in this state
5 means a wage of not less than six dollars and seventy cents per hour,
6 and effective January 1, 2003, not less than six dollars and ninety cents
7 per hour, and effective January 1, 2004, not less than seven dollars and
8 ten cents per hour, and effective January 1, 2006, not less than eight
9 dollars per hour, and annually thereafter, not less than the minimum
10 fair wage then in effect plus an additional percentage equal to the
11 percentage increase, if any, in the National Consumer Price Index for
12 Urban Wage Earners and Clerical Workers, or a successor index, for
13 the previous twelve-month period rounded to the nearest whole cent,
14 or one-half of one per cent rounded to the nearest whole cent more

15 than the highest federal minimum wage, whichever is greater, except
16 as may otherwise be established in accordance with the provisions of
17 this part. All wage orders in effect on October 1, 1971, wherein a lower
18 minimum fair wage has been established, are amended to provide for
19 the payment of the minimum fair wage herein established except as
20 hereinafter provided. Whenever the highest federal minimum wage is
21 increased, the minimum fair wage established under this part shall be
22 increased to the amount of said federal minimum wage plus one-half
23 of one per cent more than said federal rate, rounded to the nearest
24 whole cent, effective on the same date as the increase in the highest
25 federal minimum wage, and shall apply to all wage orders and
26 administrative regulations then in force. The rates for learners,
27 beginners, and persons under the age of eighteen years shall be not
28 less than eighty-five per cent of the minimum fair wage for the first
29 two hundred hours of such employment and equal to the minimum
30 fair wage thereafter, except institutional training programs specifically
31 exempted by the commissioner.

This act shall take effect as follows and shall amend the following sections:

Section 1	October 1, 2005	31-58(j)
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LAB *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 06 \$	FY 07 \$
Various State Agencies	Cost	Minimal	Minimal

Municipal Impact:

Municipalities	Effect	FY 06 \$	FY 07 \$
All Municipalities	STATE MANDATE - Cost	Minimal	Minimal

Explanation

This bill increases the state's minimum hourly wage to \$8.00, effective January 1, 2006 and annually thereafter, by the percentage increase in the National Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the previous 12 months.

The average annual (December to December time period) CPI-W increase for the last 5 years was 2.42%. The 2004 CPI-W increase was 3.4%. The 3.4% CPI-W increase would raise the state's hourly minimum wage 27 cents to \$8.27 in 2007.

This bill results in minimal costs to the state and municipalities. An increase in the state minimum wage will not have a direct impact on the salaries of most state and municipal employees as it is likely that the only state and municipal workers paid wages at or below the minimum wage are summer workers, student and senior workers, and a few other part-time laborers. These costs are not anticipated to be significant, but could have an impact on a limited number of state and municipal programs (such as recreational programs) that largely utilize these types of positions.

An increase in the state minimum wage would also result in higher labor costs for some private sector employees, especially those in service industries. Since the state and municipalities obtain certain services from the private sector, this could result in additional costs. This increase in costs cannot be determined at this time, but is not anticipated to be significant.

OLR Bill Analysis

HB 6228

AN ACT INCREASING THE MINIMUM WAGE**SUMMARY:**

This bill increases the state's minimum hourly wage, effective January 1, 2006, from \$7.10 to \$8.00. Annually thereafter, it increases the wage by the percentage increase in the National Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the previous 12 months.

Under current law, the legislature sets the minimum hourly wage. The bill establishes an automatic device that increases the minimum wage without action by the legislature. For example a 3% increase in the 2006 CPI-W would mean a 24-cent increase in the minimum wage. The 2004 CPI-W annual increase was 3.4%.

The bill requires the increase to be rounded to the nearest whole cent and specifies the CPI-W or a successor index will be used.

EFFECTIVE DATE: October 1, 2005

COMMITTEE ACTION

Labor and Public Employees Committee

Joint Favorable Report

Yea 9 Nay 2